SUPPLIERS OF BASIC BUILDING MATERIALS

Standard Industries Ltd. Annual Report March 31, 1976

Standard Industries Ltd.

1224 Lawrence Avenue West
Toronto, Ontario M6A 1E4
(Telephone (416) 781-5211)

THE COMPANY

Standard Industries Ltd. is one of the largest concerns in Canada producing and marketing sand, gravel and crushed stone, asphalt mixes, ready-mix concrete, concrete pipe and block, other pre-cast concrete products and bagged dry-mix concrete; it is also a street paving and road-building contractor.

The company has this year started production of cement from blast furnace slag, which will provide much of its own cement needs at substantial savings.

The company is also well advanced in the construction of a plant for the manufacture of prestressed concrete pressure pipe.

The company's products are the basic materials indispensable to all kinds of building. Its market areas are in heavily-populated southern and eastern Ontario, the North Bay area of Ontario, and the province of Nova Scotia.

The company is publicly owned by 1,096 shareholders, including Canada Cement Lafarge Ltd. and Pitts Engineering Construction Limited (holding approximately 49% and 32% respectively). The shares are listed on the Toronto Stock Exchange and traded under the symbol SIS. Dividends have been paid in every fiscal year since 1948.

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ANNUAL MEETING

The Annual General Meeting of Shareholders will be held in the Alberta Room of the Royal York Hotel, Toronto, at 10:30 a.m. on Thursday, June 17, 1976. All shareholders are cordially invited to attend.

VALUATION DAY VALUE

For the purpose of calculating income tax on capital gains, the value of the company's shares as established December 22, 1971 is $3.83⅓ per share.

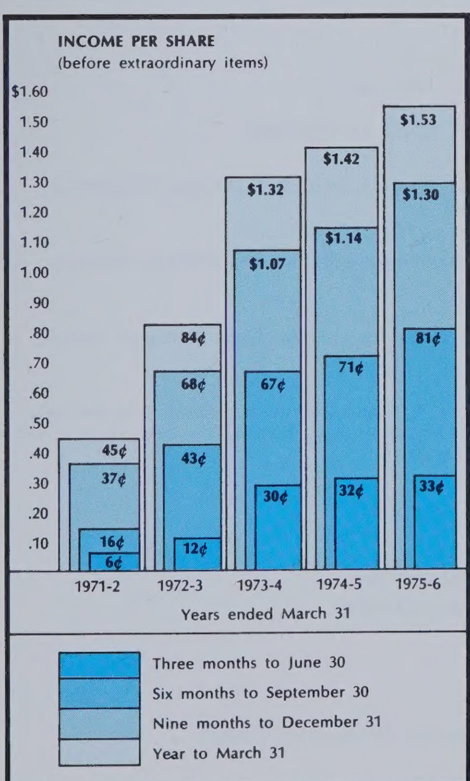
FRONT COVER

A sketch of the pressure pipe plant as it will appear when completed later this year. Mr. Ross Emby has been appointed general manager of Standard Pressure Pipe Company.

The Year Ended March 31, 1976 in Brief

FACTS AT A GLANCE

EARNINGS AND DIVIDENDS	March 31 1976	March 31 1975
Income (before extraordinary item)	$ 4,830,000	$ 4,466,000
Per share	$1.53	$1.42
Gain on disposal of properties	1,217,000	366,000
Per share	0.39	0.11
Net income	6,047,000	4,832,000
Per share	1.92	1.53
Dividends to shareholders	1,883,000	1,574,000
Per "A" share (common in 1975)	0.60	0.50
Per "B" share	0.51	—
OTHER FINANCIAL		
Sales	$74,854,000	$69,694,000
Capital investment during the year	11,833,000	9,353,000
Working capital at year end	7,111,000	5,761,000
Shareholders' equity per share	$9.89	$8.57
STATISTICAL		
Number of employees —		
mid-year	1,530	1,647
year end	1,069	1,012
Number of shareholders, year end	1,096	1,171



HIGHLIGHTS

Income (before extraordinary item) increased by 8% over last year, on sales which increased 7½% in dollar volume, but decreased in terms of quantities sold.

The sale (for cash) of a parcel of surplus land adjoining our Toronto concrete pipe plant realized an extraordinary gain of $1,217,000.

Dividends declared amounted to 60¢ per share on the "A" shares (51¢ on the "B" shares), up from 50¢ per common share the previous year. Dividends are frozen at the existing level under the federal Anti-Inflation Act at least until October 1976.

Important capital investments made during the year included the purchase of Haldimand Quarries and Construction Limited, a quarry operator in Hagersville, Ontario, and the completion of a plant for the manufacture of slag cement at Stoney Creek (near Hamilton, Ontario); our project for the manufacture of prestressed concrete pressure pipe is approximately half-way to completion.

Under the shadow of the Anti-Inflation Act and what looks to be a soft market for many of our products, earnings improvement in the year to March 31, 1977 may be limited to what new or recently-acquired operations can generate.

Directors, Officers and Management

DIRECTORS

S. C. COOPER
President and a Director of Pitts Engineering Construction Limited

HUGH F. GRIGHTMIRE
President of the Company

J. B. HANLY
Consultant — former Vice-President of Canada Cement Lafarge Ltd.

J. D. JARRELL
Senior Vice-President and a Director of Pitts Engineering Construction Limited

P. JONGENEEL
Senior Vice-President and Treasurer of Canada Cement Lafarge Ltd.

D. G. LAWSON
President of Moss Lawson & Co. Limited

T. H. STEVENSON
Former President of Permanent Concrete Company

OFFICERS

HUGH F. GRIGHTMIRE, President
T. A. WILCOX, Executive Vice-President
T. D. JONES, Vice-President and Secretary-Treasurer
A. H. BAXTER, Vice-President
E. F. FORD, Vice-President
M. E. McRAE, Vice-President
C. C. MOYER, Vice-President
R. F. TITUS, Vice-President
G. H. HAWKETT, Comptroller
E. J. HADDEN, Assistant Secretary-Treasurer

MANAGEMENT OF SUBSIDIARIES AND DIVISIONS

A. H. BAXTER
Red-D-Mix Concrete Company, Standard Paving Company, North Bay Concrete & Supply Company, E. V. Breckon Limited

E. F. FORD
McCord & Company, York Block and Building Supply, Marker Building Materials (Cataraqui) Limited

M. E. McRAE
Concrete Pipe Company, Oaks Precast Industries Limited, Oaks Transport Limited, Standard Pressure Pipe Company

C. C. MOYER
Consolidated Sand & Gravel, Company, J. F. Marshall & Sons Limited, Jiffy Dry-Mix Concrete Products Ltd., Point Anne Quarry Company, Brechin Crushed Stone Company, Haldimand Quarries and Construction Limited

R. F. TITUS
Standard Paving Maritime Limited

Registrar and Transfer Agents

CANADA PERMANENT TRUST COMPANY
20 Eglinton Avenue West, Toronto, Ontario

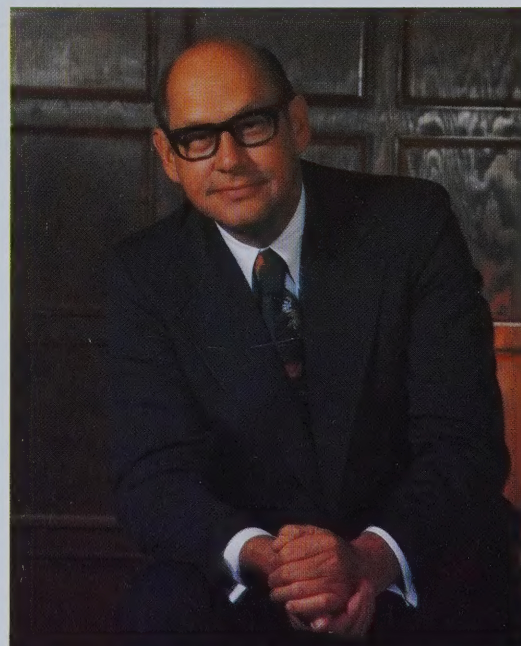
Auditors

THORNE RIDDELL & CO.
Chartered Accountants
Royal Trust Tower, Box 262, Toronto Dominion Centre
Toronto, Ontario

Bankers

CANADIAN IMPERIAL BANK OF COMMERCE
BANK OF NOVA SCOTIA
ROYAL BANK OF CANADA

Report to Our Shareholders



Hugh F. Grightmire,
President

EARNINGS, SALES AND DIVIDENDS CONTINUE TO INCREASE

In a year of recession, your company's earnings and sales continued to increase. Income (before extraordinary gain on disposal of properties) of $4,830,000 ($1.53 per share) was 8% higher than last year's $4,466,000 ($1.42 per share). Sales of $74,854,000 were 7½% higher than last year's $69,694,000.

As a result of improved earnings in the previous fiscal year, the quarterly dividend rate was raised to 15¢ per "A" share (from 12½¢ per common share) with the dividend declared May 6, 1975 and paid August 5, 1975. Four dividends of 15¢ were declared on the "A" shares during the year, totalling 60¢ per share or 39% of income before extraordinary profits. Class "B" shares, entitled to tax-deferred dividends at a rate equal to 85% of the Class "A" dividends, were created at the June 12, 1975 annual meeting, and four quarterly dividends of 12¾¢ per share were declared on these shares for a total payout of 51¢ per share. Both dividend rates are now frozen under the federal Anti-Inflation Act at least until October 13, 1976.

A dividend of 15¢ per "A" share and 12¾¢ per "B" share was declared May 12, 1976, payable August 5, 1976.

REVIEW OF OPERATIONS

Economic recession makes it harder to maintain earnings and sales, let alone increase them, and the past year was no exception. However, the rate of return on the sales dollar improved to 6.5% (last year 6.4%), although quantities sold were generally lower than the year before.

Declining demand for aggregates and ready-mixed concrete resulted in excess capacity in Toronto and other major markets; our newly-opened quarries at Point Anne and Brechin were unable to make their expected contribution to earnings, and our ready-mix earnings in the Toronto area also suffered.

Results from sales of asphalt mixes and concrete block were generally better, and we are now reaping the benefit of recent major investments in the production of these materials.

Sales of concrete from the two batching plants installed in 1974 at Nanticoke were considerably less than we had expected, because of the stretching out of construction of the new steel complex.

Report to Our Shareholders

(continued)

Our concrete pipe and precast products continued to be in good demand, with the emphasis shifting to the supply of manholes and smaller diameter pipe with an increase in housing activity and a decline in public sector work.

Sales of Jiffy bagged dry-mix products, while small in relation to total sales, are increasing rapidly and starting to make a worth-while contribution to earnings.

Volume of paving and road-building work and the operating results obtained remained steady.

Income from our investment in associated companies again increased; these companies process blast furnace slag into aggregates and manufacture gaskets for concrete pipe.

INFLATION AND PROFITS

In times of severe inflation particularly, there exists a widespread misunderstanding of the role of profits in business, coupled with a feeling that they are too high anyway, and that if they were lower inflation could somehow be overcome. The facts are quite different. The fact is that profits represent a very small proportion of the sales dollar. The fact is that a large proportion of profits cannot be paid out as dividends but must be retained in the business in order to provide funds for replacement of buildings, plant and equipment — at prices enormously higher than the original cost of the assets being replaced. The fact is that payment of quite moderate increases in operating costs out of profits without any compensating increases in selling prices at one stroke wipes out payment of dividends entirely or seriously curtails funds available for reinvestment in the business. The following analysis of where your company's sales dollar went clearly illustrates these facts:

	years ending March 31	
	1976	1975
Payrolls	26.4¢	25.6¢
Materials, services, interest and taxes	57.6	59.7
Dividends	2.5	2.3
Reinvested (earnings retained, depreciation, deferred taxes)	13.5	12.4
Total sales dollar	100.0¢	100.0¢

We feel an obligation to emphasize that low profits mean a low level of reinvestment in the company, which in turn could result in slower growth, higher borrowing costs, higher prices and fewer jobs provided.

CAPITAL INVESTMENT INCLUDES $8,000,000 FOR GROWTH AND DIVERSIFICATION

Your company's continuing programme of growth and diversification increased its pace in the past year. The first phase of developing the new quarry sites at Point Anne and Brechin was completed. An active quarry company — Haldimand Quarries and Construction Limited — was acquired to service the growing market for aggregates in the Nanticoke area. The plant for manufacture of cement from blast furnace slag was built and equipped during the year and started operation in April; we expect that this will enable us to supply to ourselves much of our annual cement requirements at a substantial saving. Our project for the manufacture of prestressed concrete pressure pipe is making rapid progress; an existing plant with 42 acres of land near Stouffville was bought in June 1975; needed alterations to the building are almost complete, all required machinery and equipment have been ordered and deliveries have started; we expect to be in operation this fall.

The growth and diversification projects described accounted for $8,000,000 of the total capital investment of $11,833,000 for the year.

It is worth pointing out that, of these projects, only Haldimand developed to the stage of yielding a return during the year on the amount invested; also, in accordance with our normal practice, interest and administrative costs incurred during construction are expensed in full.

Other capital investment for upgrading and renewal of plant and equipment was at the same level as the previous year, which we judge to be adequate to furnish superior service to our customers and to maintain a sufficient margin of productive capacity.

It is interesting to observe that the total programme of $11,833,000 represents an investment of more than $11,000 for every one of the 1,069 employees on the payroll at March 31, 1976.

EMPLOYEE RELATIONS

Peak employment during the year was off 7% from the previous year, due to the generally lower demand for our established products. The effect of this was partly offset by the addition of the Haldimand work force, but other expansion projects did not reach the production stage during the year.

Most of our hourly-paid employees are members of labour unions having collective agreements with the company. Agreements with employees at most of our ready-mix concrete plants expired at the end of March, and at most of our sand and gravel plants at the end of April; negotiations are in progress for new agreements with these employees. Collective agreements for most of our other operations will be due for renewal between October 1976 and March 1977.

EARNINGS OUTLOOK

The greatest area of uncertainty for the coming year lies in the restraints on remuneration, prices and profit margins imposed by the federal government's Anti-Inflation Act and related regulations adopted October 14, 1975. We fully support the basic objectives of the anti-inflation programme and have complied fully with its requirements. However, many aspects of the detailed application of the regulations are still unclear and their possible effect on your company's operations is uncertain.

Apart from the generally inhibiting effect on enterprise and the other uncertainties resulting from the anti-inflation programme, it seems likely that there will be some falling off in industrial and other non-residential construction, although housing construction is expected to move ahead strongly.

We look for some new contribution to earnings from operations of the slag cement plant and from other recent growth projects; in other respects though we think that earnings for the coming year will be at the same level as for the year under review.

APPRECIATION AND ACKNOWLEDGEMENTS

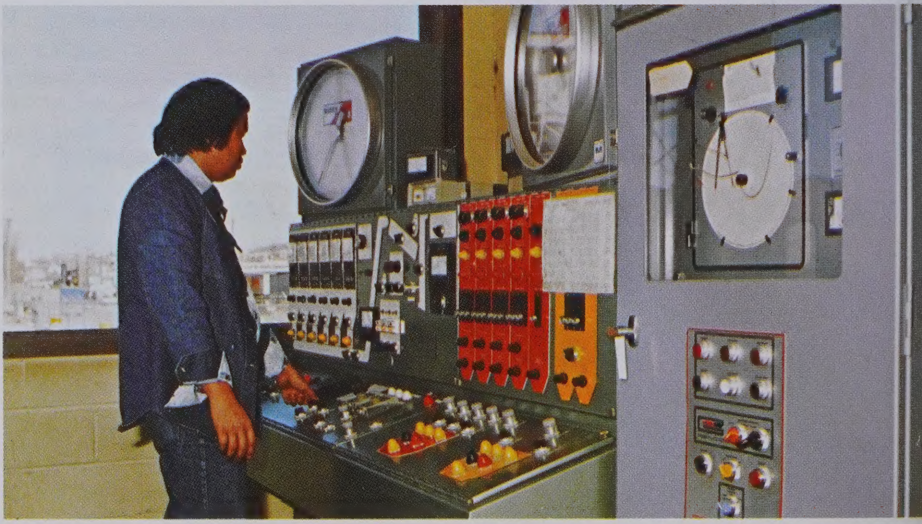
After many years' service with your company as a vice-president and a director, Mr. I. L. Jennings resigned in August 1975 to enter the field of private consulting for the aggregates industry. We express our appreciation of the significant contribution Mr. Jennings made to the company's development, and extend our best wishes for the success of his new venture.

In conclusion, we would like to thank all the company's employees for their contributions in the past year, and to express our appreciation of the support received from our many customers, suppliers and shareholders.

On behalf of the board of directors,
HUGH F. GRIGHTMIRE, President.

Standard Industries Ltd.

Our asphalt plant at Union St., Toronto, completed early in 1974. This is a high-capacity plant and can batch and load 4 tons of asphalt mix for roads or parking lots in less than one minute.



The electronic control panel at the Union St. asphalt plant. Similar panels are in use at many of our plants, permitting rapid and accurate selection of mix and the weighing, mixing and delivery of material under electronically controlled conditions.

The bagging plant at Jiffy Dry-Mix Concrete Products Ltd., installed in 1975.

The Markham (Toronto) plant of Oaks Precast Industries Limited, purchased in 1972 and adapted in 1973 for the manufacture of precast concrete manholes.

Standard Slag Cement Company's plant at Stoney Creek, completed in February 1976 and now in production.

The East Paris plant of Consolidated Sand & Gravel, Company. This is our oldest operating gravel plant; all the land in the foreground is a former pit operation, now landscaped after removal of sand and gravel and replacement of subsoil and topsoil.

Financial Review

QUARTERLY SALES AND EARNINGS

Quarterly sales and earnings, which fluctuate because of the seasonal nature of the company's business, are shown in the tabulations at right for the past five years.

Quarterly sales ($'000)	years ended March 31 1976	1975	1974	1973	1972
June 30	18,832	17,401	16,015	12,283	12,622
September 30	25,432	23,579	20,946	18,575	15,472
December 31	21,033	19,064	16,604	14,534	12,112
March 31	9,557	9,650	9,867	7,985	5,045
Year	74,854	69,694	63,432	53,377	45,251

Quarterly earnings* (cents per share)	years ended March 31 1976	1975	1974	1973	1972
June 30	33¢	32¢	30¢	12¢	6¢
September 30	48	39	37	31	10
December 31	49	43	40	25	21
March 31	23	28	25	16	8
Year	$1.53	$1.42	$1.32	84¢	45¢
Earnings*/sales	6.5%	6.4%	6.5%	4.9%	3.1%

(*before extraordinary item)

INCOME TAXES

Income taxes for the year to March 31, 1976 were 39.7% of income before taxes compared with 45.3% in the year to March 31, 1975. The higher 1975 rate reflects the surtax imposed by the federal government during that year. The lower 1976 rate reflects the overall decline in federal tax rates; an increased proportion of our business that was subject to the lower rate of tax for manufacturers and processors; and the 5% investment tax credit applicable to certain capital additions since June 1975. Tax deferments continue at a high level as the fast write-offs available to manufacturers were again applicable to a large proportion of our additions to plant and equipment during the year.

WORKING CAPITAL

At March 31, 1976, the company's working capital at $7,111,000 was at a record year-end level, an increase of $1,350,000 over the previous year-end. Funds from operations increased sharply during the year to a level sufficient to finance 85% of the year's record capital investment programme, as well as meeting dividend requirements.

The balance of the capital investment programme was financed by a net increase in long-term borrowing of $1,868,000. Funds derived from disposal of properties served to increase working capital.

With the improved working capital position, cash balances also increased to $3,091,000 at the year-end ($2,159,000 in 1975). Accounts receivable and inventory values are higher as a result of inflation's effect on values plus the additional inventories carried at the new plant locations; also, quantities of some products carried in inventory at the year-end were greater than the previous year because sales in the final quarter did not reach anticipated levels.

The sharp increase in accounts payable balances is caused by the high level of capital expenditures near the end of the fiscal year.

LONG-TERM DEBT

During the year, the company arranged a $10,000,000 ten-year bank term loan. An additional amount of $5,000,000 has been drawn; however, $4,275,000 was used to repay existing bank term loans. The remaining $5,000,000 will be drawn as required to provide funds for future capital investments. The balance of the new long-term debt came from another $1,000,000 seven-year bank term loan plus debt arising from the acquisition of Haldimand Quarries and Construction Limited and the purchase of real estate during the year.

Standard Industries Ltd.

(Incorporated under the laws of Ontario)

CONSOLIDATED FINANCIAL POSITION
March 31, 1976

	In Thousands of Dollars	
	1976	1975
CURRENT ASSETS		
Cash and short-term investments at cost which approximates market	$ 3,091	$ 2,159
Receivables	7,858	7,244
Inventories, valued at the lower of cost and net realizable value —		
Finished materials and products	4,718	3,530
Raw materials and supplies	1,435	1,845
Prepaid expenses	984	875
	18,086	15,653
CURRENT LIABILITIES		
Accounts payable and accrued	8,782	6,750
Dividends payable	470	393
Income taxes	156	777
Long-term debt, current portion	1,567	1,972
	10,975	9,892
WORKING CAPITAL	7,111	5,761
MORTGAGES RECEIVABLE, less current portion included with receivables	919	1,064
INVESTMENTS IN ASSOCIATED COMPANIES	786	653
PROPERTY, PLANT AND EQUIPMENT, at cost less accumulated depreciation and depletion (note 2)	42,193	35,323
CAPITAL EMPLOYED	51,009	42,801
Deduct:		
Long-term debt (note 3)	10,315	8,447
Deferred income taxes	9,566	7,390
	19,881	15,837
SHAREHOLDERS' EQUITY	$31,128	$26,964
Derived from:		
Capital stock (note 5)		
Authorized — 4,000,000 shares of no par value		
Issued — 3,079,249 Class "A" shares		
68,639 Class "B" shares		
3,147,888	$ 3,563	$ 3,563
Retained earnings	27,565	23,401
Total Shareholders' Equity	$31,128	$26,964

Approved by the Board:

Hugh F. Grightmire, Director.

D. G. Lawson, Director.

Standard Industries Ltd.

CONSOLIDATED INCOME
Year ended March 31, 1976

	In Thousands of Dollars 1976	1975
REVENUE		
Sales and contract revenue	$74,854	$69,694
Income from associated companies and other investments	641	575
	75,495	70,269
EXPENSE		
Cost of sales and operating expenses	56,337	52,315
Administration and selling	4,931	4,332
Depreciation and depletion	4,988	4,369
Interest on long-term debt	1,147	1,004
Other interest	87	88
	67,490	62,108
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	8,005	8,161
Income taxes (note 4)	3,175	3,695
INCOME BEFORE EXTRAORDINARY ITEM	4,830	4,466
Per share	1.53	1.42
Gain on disposal of properties, net of income taxes thereon $178,000 ($23,000 in 1975)	1,217	366
Per share	.39	.11
NET INCOME	$ 6,047	$ 4,832
Per share	1.92	1.53

CONSOLIDATED RETAINED EARNINGS
Year ended March 31, 1976

	1976	1975
Retained earnings at beginning of year	$23,401	$19,781
Net income	6,047	4,832
Adjustment to reflect the underlying equity in an associated company	—	362
Dividends — A shares — 60¢ per share; B shares—51¢ per share (1975—50¢ per common share)	(1,883)	(1,574)
RETAINED EARNINGS AT END OF YEAR	$27,565	$23,401

CONSOLIDATED CHANGES IN FINANCIAL POSITION
Year ended March 31, 1976

	In Thousands of Dollars 1976	1975
WORKING CAPITAL DERIVED FROM		
Operations:		
Income before extraordinary item	$ 4,830	$ 4,466
Add (Deduct) items not involving working capital:		
Depreciation and depletion	4,988	4,369
Income taxes deferred	2,151	1,421
Excess of equity in earnings of associated companies over dividends received	(133)	(114)
	11,836	10,142
Reduction in mortgages receivable	145	31
Increase in long-term debt	7,060	2,016
Gain on disposal of properties	1,217	366
	20,258	12,555
WORKING CAPITAL APPLIED TO		
Additions to property, plant and equipment, net	11,119	9,353
Purchase of shares of subsidiary company, adjusted for working capital at the date of acquisition (note 7 (b))	714	—
Capital investment	11,833	9,353
Dividends	1,883	1,574
Reduction in long-term debt	5,192	2,101
	18,908	13,028
INCREASE (DECREASE) IN WORKING CAPITAL	1,350	(473)
Working capital at beginning of year	5,761	6,234
Working capital at end of year	$ 7,111	$ 5,761

AUDITORS' REPORT

To the Shareholders of
Standard Industries Ltd.

We have examined the consolidated financial statements, appearing on pages 9 through 13, of Standard Industries Ltd. and subsidiary companies for the year ended March 31, 1976. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at March 31, 1976 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
May 3, 1976

THORNE RIDDELL & CO.,
Chartered Accountants

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1976

NOTE 1. ACCOUNTING POLICIES

a) Basis of Consolidation

The accompanying consolidated financial statements include the accounts of Standard Industries Ltd. and its subsidiaries, all of which are wholly owned.

b) Investments in Associated Companies (50% or less owned)

Investments in associated companies are accounted for on the equity method. Under the equity method, the company's share of the net income of these associated companies is included in consolidated income each year, and the company's investments in these associated companies are carried in the consolidated financial position at the underlying fair value at the date of acquisition plus the company's share of undistributed earnings since acquisition.

c) Deferred Income Taxes

The company uses the tax allocation method of providing for income taxes. Under this method, timing differences between reported and taxable income (which occur when revenue and expenses reflected in the financial statements in one year are considered for tax purposes in another year) result in increases or decreases in deferred income taxes.

d) Interim Financial Reports

Depreciation, depletion, repair and overhaul and other fixed overhead costs are provided for on an annual basis in relation to anticipated sales volume for the year and are charged against operations based on the sales volume during each interim period.

e) Depreciation and Depletion

Buildings, plant and equipment are depreciated over their estimated useful lives (buildings 25 years, plant and equipment 5 to 15 years) on a straight line basis. The costs of aggregate deposits are depleted on a unit-of-production method based on total estimated recoverable reserves.

NOTE 2. PROPERTY, PLANT AND EQUIPMENT

	In Thousands of Dollars	
	1976	1975
Land and aggregate properties	**$11,370**	$10,957
Buildings, plant and equipment	**60,579**	50,797
	71,949	61,754
Less accumulated depreciation and depletion	**29,756**	26,431
	$42,193	$35,323

NOTE 3. LONG-TERM DEBT

	In Thousands of Dollars	
	1976	1975
Bank term credit, secured, maximum $10,000,000, repayable $500,000 annually with the balance due December 31, 1985 (interest at 1½% above prime rate)	**$ 5,000**	$ —
Bank term loans due 1976/1982 (interest at 1.2% over prime rate — weighted average)	**2,250**	5,938
Mortgages payable, due 1976/1985 (interest at 8.3% — weighted average)	**4,632**	4,481
	11,882	10,419
Less current portion	**1,567**	1,972
	$10,315	$ 8,447

Long-term debt matures as follows in the years ending March 31, 1977 $1,567,000; 1978 $1,911,000; 1979 $1,936,000; 1980 $1,629,000; 1981 $1,309,000.

The remaining $5,000,000 of the bank term credit will be drawn as required to provide funds for future capital investments.

NOTE 4.
INCOME TAXES

The reduced rates of federal income tax and the accelerated depreciation write-offs available to manufacturers and processors have been used throughout 1975 and 1976. These lower federal tax rates on manufacturing and processing income reduced the 1976 provision by approximately $450,000 (1975 — $310,000).

Through the application of investment tax credits based on the acquisition of new plant and equipment, the 1976 federal income taxes were reduced by $110,000.

During 1975, a surtax was imposed on federal income taxes payable on non-manufacturing and processing income. This surtax increased the 1975 provision by approximately $135,000.

NOTE 5.
CAPITAL STOCK

On June 12, 1975, the shareholders confirmed a Special Resolution reclassifying 4,000,000 authorized common shares of the company into 10 common shares and 3,999,990 Class "A" and Class "B" convertible common shares. These new Class "A" and Class "B" shares are convertible each into the other class on a share-for-share basis. Both classes rank equally in all respects except that the Class "B" shares are entitled to a cash dividend, amounting to 85% of the Class "A" share dividend, paid out of tax-paid undistributed surplus. The 10 authorized common shares are unissued.

NOTE 6.
PENSION PLAN

The company's share of the unfunded past service liabilities of the company's pension plans amounts to $586,000 at March 31, 1976 ($659,000 at March 31, 1975). The unfunded past service liabilities are being expensed and funded over 14 years.

NOTE 7.
OTHER STATUTORY INFORMATION

a) Total direct remuneration of directors and senior officers amounted to $466,000 ($445,000 in 1975).

b) On April 2, 1975, the company acquired all the outstanding shares of Haldimand Quarries and Construction Limited, Hagersville, Ontario. The purchase accounting method has been used for this acquisition and its operations have been included, from the acquisition date, in these financial statements. The following information relates to this purchase of the shares of Haldimand Quarries and Construction Limited —

		In Thousands of Dollars
Net assets acquired:		
At book value		$ 634
Adjustment to fair value		552
Net assets acquired (including working capital of $472,000)		$1,186
Consideration given:		
Cash	$ 686	
Long-term note due 1976/1980	500	$1,186

NOTE 8.
ANTI-INFLATION ACT

The company is subject to the federal Anti-Inflation Act which provides, from October 14, 1975, for the restraint of profit margins, prices, dividends and compensation. The maximum dividend per share that the company can pay in the twelve months ending October 13, 1976 is 60¢ per "A" share and 51¢ per "B" share. There is no indication how dividend restraints may be applied after that date.

Financial Statistics ~ 1967 to 1976

(in thousands of dollars — except per share amounts)

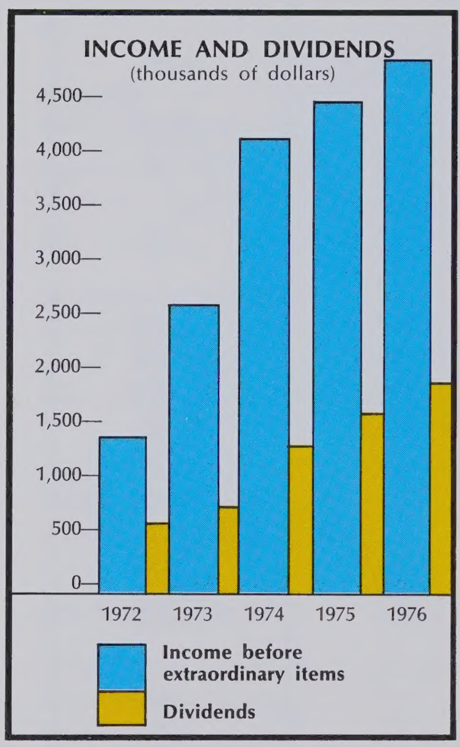
Years ended March 31	1976	1975	1974	1973
INCOME				
Sales and contract revenue	74,854	69,694	63,432	53,377
Income before extraordinary item	4,830	4,466	4,121	2,590
Profit on disposal of properties and shares	1,217	366	16	2,325
Net income	6,047	4,832	4,137	4,915
FINANCIAL POSITION				
Working capital	7,111	5,761	6,234	4,203
Fixed assets — net	42,193	35,323	30,339	23,383
Other assets	1,705	1,717	1,272	1,272
	51,009	42,801	37,845	28,858
Long-term debt	10,315	8,447	8,532	4,085
Deferred income taxes	9,566	7,390	5,969	4,357
Deposit on optioned property	—	—	—	—
	19,881	15,837	14,501	8,442
Shareholders' equity	31,128	26,964	23,344	20,416
CHANGES IN FINANCIAL POSITION				
Income before extraordinary item	4,830	4,466	4,121	2,590
Depreciation and depletion	4,988	4,369	3,643	2,908
Deferred income taxes	2,151	1,421	1,213	752
Funds from operations	11,969	10,256	8,977	6,250
Gain on disposal of properties and shares	1,217	366	16	2,325
Long-term debt increase (decrease)	1,868	(85)	3,541	676
	15,054	10,537	12,534	9,251
Capital investment	11,833	9,353	9,871	7,610
Dividends	1,883	1,574	1,266	772
Mortgages receivable increase (decrease)	(145)	(31)	(305)	700
Other	133	114	(329)	533
	13,704	11,010	10,503	9,615
Increase (decrease) in working capital	1,350	(473)	2,031	(364)
PER SHARE*				
Income before extraordinary item	1.53	1.42	1.32	.84
Profit on disposal of properties and shares	.39	.11	.01	.75
Net income	1.92	1.53	1.33	1.59
Dividends on "A" shares and previous common shares	.60	.50	.40½	.25
Shareholders' equity	9.89	8.57	7.42	6.60

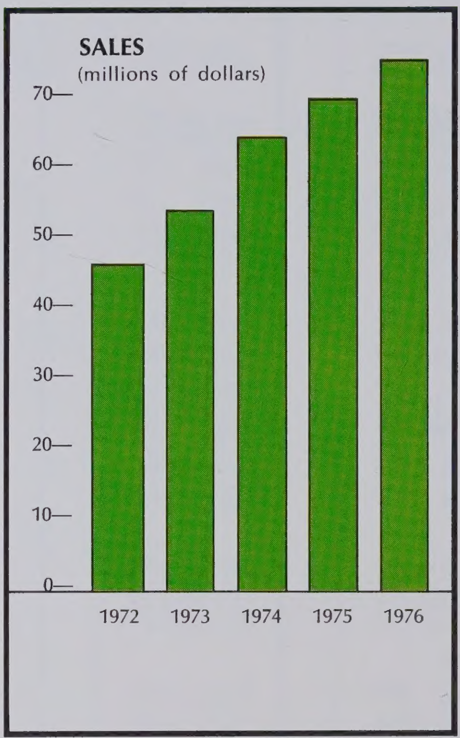
*Reflecting the 3 for 1 share split approved on November 22, 1972.

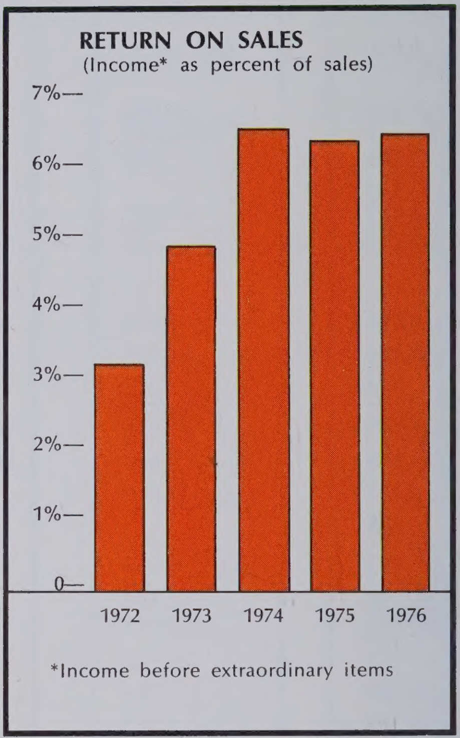
1972	1971	1970	1969	1968	1967
45,251	39,864	39,652	42,865	36,796	40,925
1,381	781	871	1,202	250	142
545		1,013	28	861	
1,926	781	1,884	1,230	1,111	142
4,567	4,856	4,632	4,823	3,789	2,004
18,866	15,655	14,907	13,928	11,088	12,189
573	207	927	191	344	222
24,006	20,718	20,466	18,942	15,221	14,415
3,408	2,913	2,992	2,805	1,064	1,081
3,467	2,660	2,598	2,479	1,525	1,608
598					
7,473	5,573	5,590	5,284	2,589	2,689
16,533	15,145	14,876	13,658	12,632	11,726
1,381	781	871	1,202	250	142
2,351	2,177	2,026	1,685	1,763	1,729
807	62	405	954	(41)	387
4,539	3,020	3,302	3,841	1,972	2,258
545		1,013	28	861	
495	(80)	187	1,742	(17)	5
5,579	2,940	4,502	5,611	2,816	2,263
5,562	2,925	3,006	4,524	675	2,345
538	512	666	205	205	640
366	(720)	735	(29)	121	(65)
(598)		286	(123)	30	134
5,868	2,717	4,693	4,577	1,031	3,054
(289)	223	(191)	1,034	1,785	(791)
.45	.25	.28	.39	.08	.05
.18		.33	.01	.28	
.63	.25	.61	.40	.36	.05
.17½	.16⅔	.21⅔	.06⅔	.06⅔	.20⅝
5.38	4.93	4.84	4.44	4.11	3.82

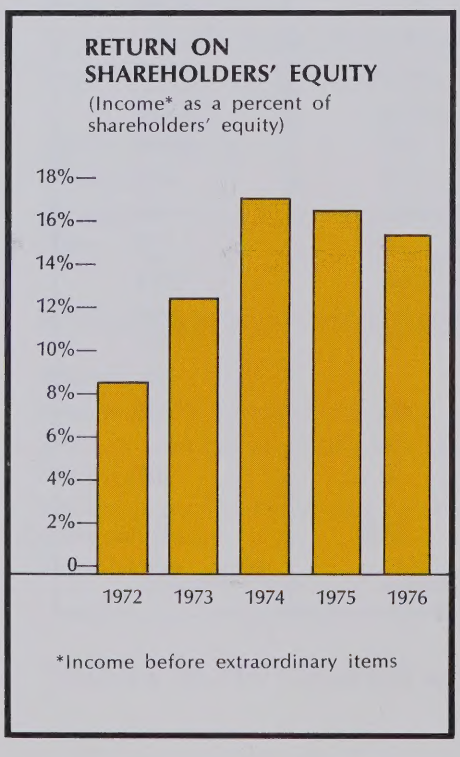
Financial Trends at a Glance

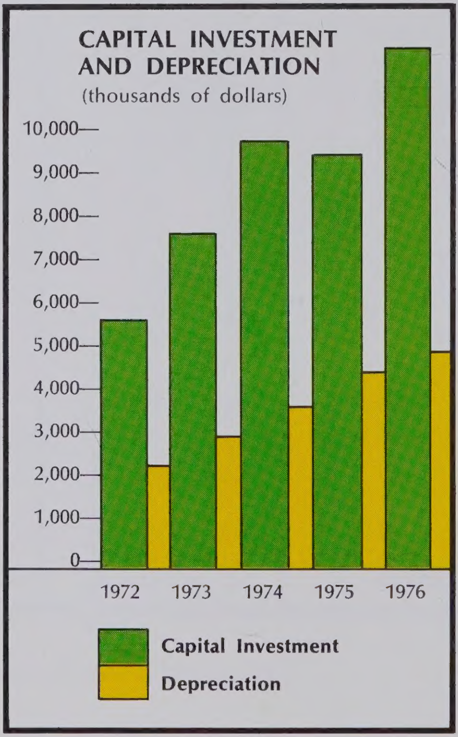
($'000)

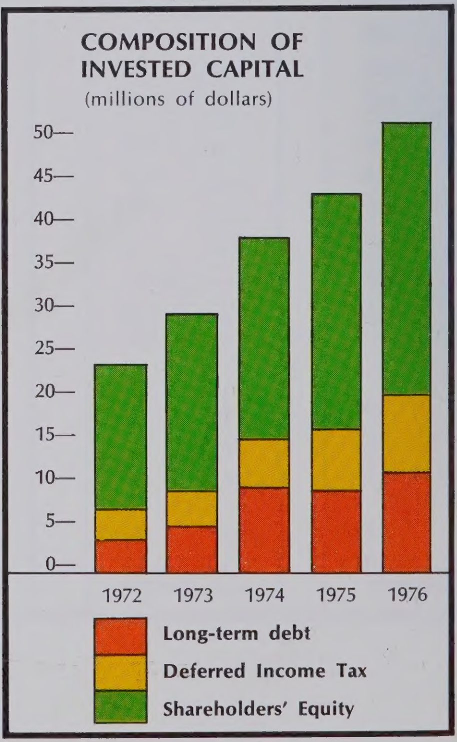




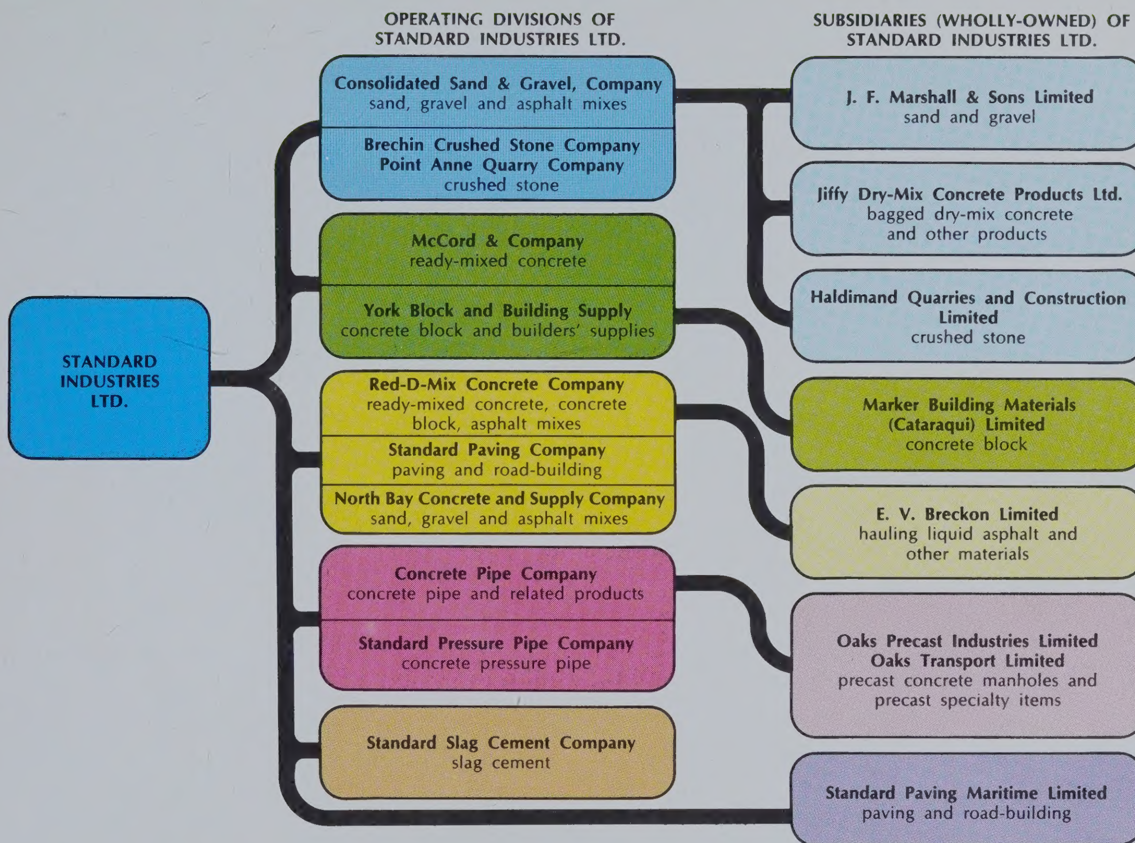








Corporate Organization



PRODUCTS AND LOCATIONS

SAND AND GRAVEL PLANTS

Paris, Ont (2 plants)
Guelph
London, Ont.
Mono Mills
Stouffville
Pickering
North Bay
Durham

QUARRIES

Brechin
Hagersville
Point Anne

ASPHALT MIX PLANTS

Paris, Ont.
Guelph
Pickering
St. Catharines
Halifax, N.S.
Toronto (2 plants)
Hamilton (2 plants)
North Bay
Kentville, N.S.

CONCRETE BLOCK PLANTS

Kingston
Richmond Hill
Sarnia
Guelph

CONCRETE PIPE PLANTS

Mississauga (Toronto)
Ottawa
London, Ont.

PRECAST CONCRETE MANHOLES AND SPECIALTY ITEMS

Guelph
Markham (Toronto)

PAVING AND ROAD-BUILDING

Hamilton, Ont.
North Bay, Ont.
Halifax, N.S.
Kentville, N.S.

READY-MIXED CONCRETE PLANTS

McCord & Company

Metropolitan Toronto (4 plants)
Mississauga
Richmond Hill
Barrie
Oshawa
Ajax

Red-D-Mix Concrete Company

Hamilton (3 plants)
Beamsville
Brantford
Burlington, Ont.
Delhi
Fort Erie
Georgetown
Guelph
London, Ont.
Milton
Nanticoke
Niagara Falls
North Bay
Sarnia
St. Catharines
St. Thomas
Strathroy
Welland
Windsor

DRY-MIX CONCRETE

Toronto

SLAG CEMENT PLANT

Stoney Creek (Hamilton)

STANDARD INDUSTRIES LTD.
1224 Lawrence Ave. West, Toronto, Ontario M6A 1E4

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